

# **QUARTERLY REPORT**

LICENSEE **Bally's Park Place, Inc. (Bally's Atlantic City)**

**FOR THE QUARTER ENDED DECEMBER 31, 2001**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**

## BALANCE SHEETS

DECEMBER 31, 2001 AND 2000

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE<br>(a) | DESCRIPTION<br>(b)  | 2001<br>(c) | 2000<br>(d) |
|-------------|---|-------------|-------------|
|             | <b>ASSETS</b>   |             |             |
|             | Current Assets:   |             |             |
| 1           | Cash and cash equivalents. ....   | \$ 28,778   | \$ 28,653 * |
| 2           | Short-term investments. ....  | -           | -           |
| 3           | Receivables and patrons' checks (net of allowance for doubtful<br>accounts - 2001, \$ 7,931 ; 2000, \$ 6,178 ). .... NOTE 2. .... | 95,062      | 40,190      |
| 4           | Inventories. ....   | 2,263       | 2,140       |
| 5           | Prepaid expenses and other current assets. ....   | 2,607       | 2,803       |
| 6           | Total current assets. ....  | 128,710     | 73,786      |
| 7           | Investments, Advances, and Receivables. .... NOTES 1 and 3. ....  | 146,833     | 128,210 *   |
| 8           | Property and Equipment - Gross. .... NOTES 1 and 4. ....  | 1,092,115   | 1,051,533   |
| 9           | Less: Accumulated Depreciation/Amortization. ... NOTES 1 and 4. ...   | (528,493)   | (495,067)   |
| 10          | Property and Equipment - Net. ....  | 563,622     | 556,466     |
| 11          | Other Assets. ....  | 233         | 301         |
| 12          | Total Assets. ....  | \$ 839,398  | \$ 758,763  |
|             | <b>LIABILITIES AND EQUITY</b>   |             |             |
|             | Current Liabilities:  |             |             |
| 13          | Accounts payable. ....  | \$ 5,663    | \$ 6,275 *  |
| 14          | Notes payable. ....   | -           | -           |
|             | Current portion of long-term debt. ....   |             |             |
| 15          | Due to affiliates. ....   | -           | -           |
| 16          | Other. ....   | 59          | 65          |
| 17          | Income taxes payable and accrued. ....  | -           | -           |
| 18          | Other accrued expenses. .... NOTE 5. ....   | 26,454      | 25,753 *    |
| 19          | Other current liabilities. .... NOTE 6. ....  | 4,702       | 8,294       |
| 20          | Total current liabilities. ....   | 36,878      | 40,387      |
|             | Long-Term Debt:   |             |             |
| 21          | Due to affiliates. .... NOTE 7. ....  | 533,500     | 500,000     |
| 22          | Other. .... NOTE 7. ....  | 1,824       | 1,888       |
| 23          | Deferred Credits. ....  | -           | -           |
| 24          | Other Liabilities. .... NOTE 8. ....  | 2,052       | 2,166       |
| 25          | Commitments And Contingencies. .... NOTE 1. ....  | -           | -           |
| 26          | Total Liabilities. ....   | 574,254     | 544,441     |
| 27          | Stockholders', Partners', Or Proprietor's Equity. ....  | 265,144     | 214,322 *   |
| 28          | Total Liabilities And Equity. ....  | \$ 839,398  | \$ 758,763  |

\*Restated to conform to the 2001 presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

## STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

| LINE<br>(A) | DESCRIPTION<br>(b)  | 2001<br>(c) | 2000<br>(d)  |
|-------------|---|-------------|--------------|
|             | <b>REVENUE:</b>   |             |              |
| 1           | Casino .....  | \$ 514,759  | \$ 515,176 * |
| 2           | Rooms .....   | 39,061      | 38,573 *     |
| 3           | Food and Beverage .....   | 74,399      | 72,616       |
| 4           | Other .....   | 12,867      | 12,427 *     |
| 5           | Total Revenue .....   | 641,086     | 638,792      |
| 6           | Less: Promotional allowances .....                                  | 70,238      | 68,058       |
| 7           | Net Revenue .....   | 570,848     | 570,734      |
|             | <b>COSTS AND EXPENSES:</b>  |             |              |
| 8           | Costs of Goods and Services .....                                   | 294,112     | 281,283 *    |
| 9           | Selling, General, and Administrative .....                          | 102,282     | 110,000 *    |
| 10          | Provision for Doubtful Accounts .....                               | 3,383       | 2,972        |
| 11          | Total costs and expenses .....                                      | 399,777     | 394,255      |
| 12          | Gross Operating Profit .....  | 171,071     | 176,479      |
| 13          | Depreciation and amortization ..... NOTE 1.....                     | 35,134      | 36,294       |
|             | Charges from affiliates other than interest:                        |             |              |
| 14          | Management fees ..... NOTE 9.....                                   | 17,153      | 17,239       |
| 15          | Other .....   | ---         | ---          |
| 16          | Income (Loss) from Operations .....                                 | 118,784     | 122,946      |
|             | Other Income (Expenses):  |             |              |
| 17          | Interest (expense) - affiliates ..... NOTE 7.....                   | (44,069)    | (42,015)     |
| 18          | Interest (expense) - external .....                                 | (356)       | (278)        |
| 19          | Investment alternative tax and related income (expense) - net ..... | (4,101)     | (3,857)      |
| 20          | Non-operating income (expense) - net ..... NOTE 10....              | 10,166      | 11,888       |
| 21          | Total other income (expenses) .....                                 | (38,360)    | (34,262)     |
| 22          | Income (Loss) Before Income Taxes and Extraordinary Items .....     | 80,424      | 88,684       |
| 23          | Provision (credit) for income taxes .....                           | 29,602      | 32,252       |
| 24          | Income (Loss) Before Extraordinary Items .....                      | 50,822      | 56,432       |
| 25          | Extraordinary items (net of income taxes) .....                     | ---         | ---          |
| 26          | Net Income (Loss) .....   | \$ 50,822   | \$ 56,432    |

\* Restated to conform to the 2001 presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

## STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

| LINE<br>(A) | DESCRIPTION<br>(b)  | 2001<br>(c) | 2000<br>(d)  |
|-------------|---|-------------|--------------|
|             | <b>REVENUE:</b>   |             |              |
| 1           | Casino .....  | \$ 120,680  | \$ 118,060 * |
| 2           | Rooms .....   | 9,378       | 9,139 *      |
| 3           | Food and Beverage .....   | 18,074      | 17,458       |
| 4           | Other .....   | 2,913       | 3,141 *      |
| 5           | Total Revenue .....   | 151,045     | 147,798      |
| 6           | Less: Promotional allowances .....                                  | 16,782      | 16,676       |
| 7           | Net Revenue .....   | 134,263     | 131,122      |
|             | <b>COSTS AND EXPENSES:</b>  |             |              |
| 8           | Costs of Goods and Services .....                                   | 71,789      | 70,385 *     |
| 9           | Selling, General, and Administrative .....                          | 25,318      | 26,138 *     |
| 10          | Provision for Doubtful Accounts .....                               | 1,011       | 1,351        |
| 11          | Total costs and expenses .....                                      | 98,118      | 97,874       |
| 12          | Gross Operating Profit .....  | 36,145      | 33,248       |
| 13          | Depreciation and amortization ..... NOTE 1....                      | 8,914       | 8,687        |
|             | Charges from affiliates other than interest:                        |             |              |
| 14          | Management fees ..... NOTE 9....                                    | 4,039       | 3,977        |
| 15          | Other .....   | ---         | ---          |
| 16          | Income (Loss) from Operations .....                                 | 23,192      | 20,584       |
|             | Other Income (Expenses):  |             |              |
| 17          | Interest (expense) - affiliates ..... NOTE 7....                    | (11,303)    | (10,481)     |
| 18          | Interest (expense) - external .....                                 | (66)        | (70)         |
| 19          | Investment alternative tax and related income (expense) - net ..... | (1,207)     | (956)        |
| 20          | Non-operating income (expense) - net ..... NOTE 10....              | (2,116)     | (1,606)      |
| 21          | Total other income (expenses) .....                                 | (14,692)    | (13,113)     |
| 22          | Income (Loss) Before Income Taxes and Extraordinary Items .....     | 8,500       | 7,471        |
| 23          | Provision (credit) for income taxes .....                           | 4,528       | 3,884        |
| 24          | Income (Loss) Before Extraordinary Items .....                      | 3,972       | 3,587        |
| 25          | Extraordinary items (net of income taxes) .....                     | ---         | ---          |
| 26          | Net Income (Loss) .....   | \$ 3,972    | \$ 3,587     |

\* Restated to conform to the 2001 presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

Amended

10/16/02

## STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 2001

(UNAUDITED)

(\$ IN THOUSANDS)

| Line<br>(a) | Description<br>(b)                | Common Stock  |               | Preferred Stock |               | Additional<br>Paid - In<br>Capital<br>(g) | -----<br>-----<br>-----<br>(h) | Retained<br>Earnings<br>(Accumulated<br>Deficit)<br>(i) | Total<br>Stockholder's<br>Equity<br>(Deficit)<br>(j) |
|-------------|-----------------------------------|---------------|---------------|-----------------|---------------|---|--------------------------------|---|--|
|             |                                   | Shares<br>(c) | Amount<br>(d) | Shares<br>(e)   | Amount<br>(f) |   |                                |   |  |
| 1           | Balance, December 31, 1999        | 100           | \$ 1          |                 |               | \$ 129,198                                |                                | \$ 39,629   | \$ 168,828   |
| 2           | Net Income - 2000                 |               |               |                 |               |   |                                | 56,432  | 56,432   |
| 3           | Contribution to Paid - In Capital |               |               |                 |               |   |                                |   |  |
| 4           | Dividends                         |               |               |                 |               |   |                                | (10,000)  | (10,000)   |
| 5           | Prior Period Adjustments          |               |               |                 |               | (938)                                     |                                |   | (938)  |
| 6           | Distribution to PPE               |               |               |                 |               |   |                                |   |  |
| 7           |                                   |               |               |                 |               |   |                                |   |  |
| 8           |                                   |               |               |                 |               |   |                                |   |  |
| 9           |                                   |               |               |                 |               |   |                                |   |  |
| 10          | Balance, December 31, 2000        | 100           | 1             |                 |               | 128,260                                   |                                | 86,061  | 214,322  |
| 11          | Net Income - 2001                 |               |               |                 |               |   |                                | 50,822  | 50,822   |
| 12          | Contribution to Paid - In Capital |               |               |                 |               |   |                                |   |  |
| 13          | Dividends                         |               |               |                 |               |   |                                |   |  |
| 14          | Prior Period Adjustments          |               |               |                 |               |   |                                |   |  |
| 15          |                                   |               |               |                 |               |   |                                |   |  |
| 16          |                                   |               |               |                 |               |   |                                |   |  |
| 17          |                                   |               |               |                 |               |   |                                |   |  |
| 18          |                                   |               |               |                 |               |   |                                |   |  |
| 19          | Balance, December 31, 2001        | 100           | \$ 1          |                 |               | \$ 128,260                                |                                | \$ 136,883  | \$ 265,144   |

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

# STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

**NOT APPLICABLE**

| Line<br>(a) | Description<br>(b)                | Contributed<br>Capital<br>(c) | Accumulated<br>Earnings<br>(Deficit)<br>(d) | (e) | Total<br>Equity<br>(Deficit)<br>(f) |
|-------------|-----------------------------------|-------------------------------|---|-----|-------------------------------------|
| 1           | Balance, December 31, 1999. ....  |                               |   |     |                                     |
| 2           | Net Income (Loss) - 2000. ....    |                               |   |     |                                     |
| 3           | Capital Contributions. ....       |                               |   |     |                                     |
| 4           | Capital Withdrawals. ....         |                               |   |     |                                     |
| 5           | Partnership Distributions. ....   |                               |   |     |                                     |
| 6           | Prior Period Adjustments. ....    |                               |   |     |                                     |
| 7           |                                   |                               |   |     |                                     |
| 8           |                                   |                               |   |     |                                     |
| 9           |                                   |                               |   |     |                                     |
| 10          | Balance, December 31, 2000. ....  |                               |   |     |                                     |
| 11          | Net Income (Loss) - 2001. ....    |                               |   |     |                                     |
| 12          | Capital Contributions. ....       |                               |   |     |                                     |
| 13          | Capital Withdrawals. ....         |                               |   |     |                                     |
| 14          | Partnership Distributions. ....   |                               |   |     |                                     |
| 15          | Prior Period Adjustments. ....    |                               |   |     |                                     |
| 16          |                                   |                               |   |     |                                     |
| 17          |                                   |                               |   |     |                                     |
| 18          |                                   |                               |   |     |                                     |
| 19          | Balance, December 31, 2001. . . . |                               |   |     |                                     |

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF CASH FLOWS

Page 1 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

| LIN<br>(a) | Description<br>(b)  | 2001<br>(c) | 2000<br>(d) |
|------------|---|-------------|-------------|
| 1          | Net Cash Provided (Used) By Operating Activities .....  | \$ 99,907   | \$ 81,508   |
|            | Cash Flows From Investing Activities:   |             |             |
| 2          | Purchase of short-term investment securities .....  | ---         | ---         |
| 3          | Proceeds from the sale of short-term investment securities .....                                    | ---         | ---         |
| 4          | Purchase outflows for property and equipment .....  | (42,713)    | (43,271)    |
| 5          | Proceeds from disposition of property and equipment .....   | 473         | 94          |
| 6          | Purchase of casino reinvestment obligations .....   | (5,945)     | (7,722)     |
| 7          | Purchase of other investments and loans/advances made .....   | (33,500)    | ---         |
| 8          | Proceeds from disposal of investments and collection<br>of advances and long-term receivables ..... | 24,680      | 1,528       |
| 9          | Cash outflows to acquire business entities .....  | ---         | (7,716)     |
| 10         | .....   | ---         | ---         |
| 11         | Net book values of disposals .....  | ---         | ---         |
| 12         | Net Cash Provided (Used) By Investing Activities .....  | (57,005)    | (57,087)    |
|            | Cash Flows From Financing Activities:   |             |             |
| 13         | Cash proceeds from issuance of short-term debt .....  | ---         | ---         |
| 14         | Payments to settle short-term debt .....  | ---         | ---         |
| 15         | Cash proceeds from issuance of long-term debt .....   | 33,500      | ---         |
| 16         | Costs of issuing debt .....   | ---         | ---         |
| 17         | Payments to settle long-term debt .....   | (70)        | (344)       |
| 18         | Cash proceeds from issuing stock or capital contributions .....                                     | ---         | ---         |
| 19         | Purchases of treasury stock .....   | ---         | ---         |
| 20         | Payments of dividends or capital withdrawals .....  | ---         | (10,000)    |
| 21         | Change in payable to/receivable from affiliate .....  | (76,207)    | (12,514)    |
| 22         | .....   | ---         | ---         |
| 23         | Net Cash Provided (Used) By Financing Activities .....  | (42,777)    | (22,858)    |
| 24         | Net Increase (Decrease) In Cash And Cash Equivalents .....  | 125         | 1,563 *     |
| 25         | Cash And Cash Equivalents At Beginning Of Period .....  | 28,653      | 27,090 *    |
| 26         | Cash And Cash Equivalents At End Of Period .....  | \$ 28,778   | \$ 28,653 * |

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| Cash Paid During Period For: |  |           |           |
|------------------------------|--|-----------|-----------|
| 27                           | Interest (net of amount capitalized) ..... | \$ 44,425 | \$ 42,293 |
| 28                           | Income taxes .....                         | \$ 29,602 | 32,252    |

\*Restated to conform to the 2001 presentation.

The accompanying notes are an integral part of the financial statements.

## STATEMENTS OF CASH FLOWS

Page 2 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

| LIN<br>(a) | Description<br>(b)   | 2001<br>(c) | 2000<br>(d) |
|------------|--|-------------|-------------|
|            | <b>Net Cash Flows From Operating Activities:</b>                             |             |             |
| 29         | Net income (loss) .....  | \$ 50,822   | \$ 56,432   |
|            | Noncash items included in income and cash items<br>excluded from income:     |             |             |
| 30         | Depreciation and amortization of property and equipment .....                | 35,134      | 36,294      |
| 31         | Amortization of other assets .....   | ---         | ---         |
| 32         | Amortization of Debt Discount or Premium .....                               | ---         | ---         |
| 33         | Deferred Income taxes - current .....  | ---         | ---         |
| 34         | Deferred income taxes - noncurrent .....                                     | ---         | ---         |
| 35         | (Gain) loss on disposition of property and equipment .....                   | (50)        | (84)        |
| 36         | (Gain) loss on casino reinvestment obligations .....                         | 4,101       | 3,857       |
| 37         | (Gain) loss from other investment activities .....                           | (7,959)     | (9,815)     |
| 38         | Net (increase) decrease in receivables and patrons'<br>checks .....          | 21,335      | (10,225)    |
| 39         | Net (increase) decrease in inventories .....                                 | (123)       | 597         |
| 40         | Net (increase) decrease in other current assets .....                        | 196         | (430)       |
| 41         | Net (increase) decrease in other assets .....                                | 68          | 16,520      |
| 42         | Net increase (decrease) in accounts payables .....                           | (612)       | 1,314 *     |
| 43         | Net increase (decrease) in other current liabilities<br>excluding debt ..... | (2,891)     | 2,922 *     |
| 44         | Net increase in other noncurrent liabilities excluding debt .....            | (114)       | (15,874)    |
| 45         | Loss on extinguishment of debt, net of income tax benefit .....              | ---         | ---         |
| 46         | Amortization of CRDA assets .....  | ---         | ---         |
| 47         | Net Cash Provided (Used) By Operating Activities .....                       | \$ 99,907   | \$ 81,508   |

## SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

|    |  |           |           |
|----|--|-----------|-----------|
|    | <b>Acquisition Of Property And Equipment:</b>                                      |           |           |
| 48 | Additions to property and equipment .....  | \$ 42,713 | \$ 43,271 |
| 49 | Less: Capital lease obligations incurred .....                                     | ---       | ---       |
| 50 | Cash Outflows For Property And Equipment .....                                     | \$ 42,713 | \$ 43,271 |
|    | <b>Acquisition Of Business Entities:</b>   |           |           |
| 51 | Property and equipment acquired .....  | \$ ---    | \$ 7,716  |
| 52 | Goodwill acquired .....  | ---       | ---       |
| 53 | Net assets acquired other than cash, goodwill, and<br>property and equipment ..... | ---       | ---       |
| 54 | Long-term debt assumed .....   | ---       | ---       |
| 55 | Issuance of stock or capital invested .....  | ---       | ---       |
| 56 | Cash Outflows To Acquire Business Entities .....                                   | \$ ---    | \$ 7,716  |
|    | <b>Stock Issued Or Capital Contributions:</b>                                      |           |           |
| 57 | Total issuances of stock or capital contributions .....                            | \$ ---    | \$ ---    |
| 58 | Less: Issuances to settle long-term debt .....                                     | ---       | ---       |
| 59 | Consideration in acquisition of business entities .....                            | ---       | ---       |
| 60 | Cash Proceeds From Issuing Stock Or Capital Contributions .....                    | \$ ---    | \$ ---    |

\*Restated to conform to the 2001 presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.



# SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2001

| Line<br>(a) | (b)                        | Promotional Allowances         |                         | Promotional Expenses           |                         |
|-------------|----------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
|             |                            | Number of<br>Recipients<br>(c) | Dollar<br>Amount<br>(d) | Number of<br>Recipients<br>(e) | Dollar<br>Amount<br>(f) |
| 1           | Rooms                      | 138,936                        | \$ 5,342                |                                | \$                      |
| 2           | Food                       | 563,068                        | 7,114                   |                                |                         |
| 3           | Beverage                   | 1,927,707                      | 3,855                   |                                |                         |
| 4           | Travel                     |                                |                         | 14,128                         | 998                     |
| 5           | Bus Program Cash           |                                |                         | 213,563                        | 2,806                   |
| 6           | Other Cash Complimentaries |                                |                         | 610,233                        | 8,064                   |
| 7           | Entertainment              | 13,412                         | 238                     | 2,524                          | 316                     |
| 8           | Retail & Non-Cash Gifts    | 3,215                          | 152                     | 43,511                         | 603                     |
| 9           | Parking                    |                                |                         |                                |                         |
| 10          | Other *                    | 2,727                          | 81                      | 35,422                         | 496                     |
| 11          | Total                      | 2,649,065                      | \$ 16,782               | 919,381                        | \$ 13,283               |

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

| Line<br>(a) | (b)                        | Promotional Allowances         |                         | Promotional Expenses           |                         |
|-------------|----------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
|             |                            | Number of<br>Recipients<br>(c) | Dollar<br>Amount<br>(d) | Number of<br>Recipients<br>(e) | Dollar<br>Amount<br>(f) |
| 1           | Rooms                      | 553,505                        | \$ 22,837               |                                | \$                      |
| 2           | Food                       | 2,339,519                      | 29,382                  |                                |                         |
| 3           | Beverage                   | 7,933,577                      | 15,867                  |                                |                         |
| 4           | Travel                     |                                |                         | 58,665                         | 4,253                   |
| 5           | Bus Program Cash           |                                |                         | 955,588                        | 12,943                  |
| 6           | Other Cash Complimentaries |                                |                         | 2,433,910                      | 32,373                  |
| 7           | Entertainment              | 66,293                         | 1,278                   | 4,726                          | 591                     |
| 8           | Retail & Non-Cash Gifts    | 13,616                         | 611                     | 179,029                        | 2,075                   |
| 9           | Parking                    |                                |                         |                                |                         |
| 10          | Other *                    | 8,778                          | 263                     | 155,892                        | 2,141                   |
| 11          | Total                      | 10,915,288                     | \$ 70,238               | 3,787,810                      | \$ 54,376               |

\* No item in this category exceeds 5%.

**BALLY'S PARK PLACE, INC. (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and basis of presentation**

The accompanying financial statements include the accounts of Bally's Park Place, Inc., a New Jersey corporation (the "Company"), a wholly owned subsidiary of Park Place Entertainment Corporation ("PPE"). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as "Bally's Atlantic City", and was formerly known as "Bally's Park Place Casino Resort." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets of the Company at December 31, 2001 and 2000, and its statements of income for the three and twelve months ended December 31, 2001 and 2000 and its statements of cash flows for the twelve months ended December 31, 2001 and 2000. All such adjustments were of a normal recurring nature.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

**Reclassifications**

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2001. These reclassifications had no impact on previously reported net income.

**Revenue recognition and promotional allowances**

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

**Inventories**

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

**BALLY'S PARK PLACE, INC. (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Property and equipment**

Depreciation of property and equipment is provided on the straight-line method over the estimated economic lives of the related assets. Depreciation expense was \$8,914 and \$8,687 for the three months ended December 31, 2001 and 2000, respectively, and \$35,134 and \$36,294 for the twelve months ended December 31, 2001 and 2000, respectively.

| <u>Asset class</u>                | <u>Life</u> |
|-----------------------------------|-------------|
| Buildings                         | 40 years    |
| Building improvements             | 3-10 years  |
| Furniture, Fixtures and Equipment | 3-10 years  |

**Long-lived assets**

The provisions of Statement of Financial Accounting Standard No. 121 "Accounting for the Impairment of Long-Lived Assets," require, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Company does not believe that any such changes have occurred.

**Fair value of financial instruments**

The fair values of the Company's financial instruments including receivables, payables and debt approximate their recorded book values at December 31, 2001 and 2000.

**Investments in subsidiaries**

The Company has an investment in GNOC, Corp. (which owns and operates the casino hotel resort in Atlantic City known as the "Atlantic City Hilton"). The Company also has investments in three other subsidiaries, Atlantic City Country Club, Inc., Bally's Land Ventures, Inc. and Bally's Skyscraper, Inc ("BSI"). On June 1, 2001, BSI purchased the assets and assumed certain liabilities of the Claridge at Park Place, Inc. ("CPPI") and Atlantic City Boardwalk Associates ("ACBA"), and commenced operation of the casino hotel resort in Atlantic City known as the "Claridge." On December 18, 2001, the Company filed a certificate of merger combining three wholly-owned subsidiaries, Bally's Park Place Realty Co., B.W. Realty, Inc. and Bally Warwick, Inc. with and into Bally's Park Place, Inc. This transaction was accounted for at historical cost. The investments in all subsidiaries are reflected in the accompanying financial statements using the equity method.

**BALLY'S PARK PLACE, INC. (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Allocations and transactions with related parties**

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, legal services, advertising, sales and marketing services, purchasing and certain other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

**Income taxes**

Taxable income or loss of the Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the results of operations. The corresponding liability or receivable is credited or charged to PPE. Deferred income tax assets and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

**Casino Reinvestment Development Authority**

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority (the "CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

**New Accounting Standards**

Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), is effective for all fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS 133 January 1, 2001. The adoption of SFAS 133 did not have a significant impact on the financial position, results of operations, or cash flows of the Company.

**BALLY'S PARK PLACE, INC. (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The Company is required to adopt SFAS 142 effective January 2002. The Company has not determined the effect, if any, the adoption of SFAS 142 will have on its financial position and results of operations.

**NOTE 2 – RECEIVABLES AND PATRONS' CHECKS**

Receivables and patrons' checks as of December 31 consist of the following:

|   | <u>2001</u>      | <u>2000</u>      |
|---|------------------|------------------|
| Casino receivables (net of allowance for doubtful accounts – \$7,866 in 2001 and \$6,113 in 2000) | \$ 7,631         | \$ 7,823         |
| Other (net of allowance for doubtful accounts – \$65 in 2001 and 2000)                            | 3,229            | 3,710            |
| Due from PPE  | 80,561           | 4,354            |
| Due from Caesars Atlantic City  | 1,002            | 7,220            |
| Due from Atlantic City Country Club, Inc.   | -                | 14,493           |
| Due from affiliates   | <u>2,639</u>     | <u>2,590</u>     |
|   | <u>\$ 95,062</u> | <u>\$ 40,190</u> |

**BALLY'S PARK PLACE, INC. (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES**

Investments, advances and receivables as of December 31 consist of the following:

|  | <u>2001</u>      | <u>2000</u>      |
|--|------------------|------------------|
| Investment in wholly owned subsidiaries (see Note 1):  |                  |                  |
| Atlantic City Country Club, Inc.   | \$ 16,768        | \$ 17,795        |
| Bally's Park Place Realty Company  | -                | 15,625           |
| B.W. Realty, Inc.  | -                | 5,286            |
| Bally Warwick, Inc.  | -                | 3,228            |
| Bally's Land Ventures Realty, Inc.   | 14,342           | 14,342           |
| Bally's Skyscraper, Inc.   | 33,635           | -                |
| GNOC, Corp.  | <u>52,346</u>    | <u>43,495</u>    |
| Total investment in subsidiaries   | 117,091          | 99,771           |
| Casino Reinvestment Development Authority  |                  |                  |
| Investment obligations (less valuation reserves<br>of \$11,816 in 2001 and \$11,170 in 2000) | 27,419           | 25,575           |
| Jacobs Family Terrace mortgage receivable<br>(less reserve of \$250 in 2001 and 2000)        | 1,527            | 1,813            |
| Long-term receivable from GNOC, Corp.  | <u>796</u>       | <u>1,051</u>     |
|  | <u>\$146,833</u> | <u>\$128,210</u> |

The Company, GNOC, Corp. and the CRDA entered into a credit exchange agreement and an investment agreement in 1998. The credit exchange agreement permits the exchange of certain current and future CRDA obligations between the Company and GNOC, Corp. resulting in the long-term receivable from GNOC, Corp. The investment agreement provides an investment plan for use of certain current and future CRDA funds.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment as of December 31 consist of the following:

|  | <u>2001</u>       | <u>2000</u>       |
|--|-------------------|-------------------|
| Land   | \$ 99,041         | \$ 79,492         |
| Buildings and improvements                     | 749,952           | 742,559           |
| Furniture, fixtures and equipment              | 238,311           | 226,820           |
| Construction in progress                       | <u>4,811</u>      | <u>2,662</u>      |
|  | 1,092,115         | 1,051,533         |
| Less accumulated depreciation and amortization | <u>(528,493)</u>  | <u>(495,067)</u>  |
|  | <u>\$ 563,622</u> | <u>\$ 556,466</u> |

**BALLY'S PARK PLACE, INC. (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 5 - OTHER ACCRUED EXPENSES**

Other accrued expenses as of December 31 consist of the following:

|                              | <u>2001</u>      | <u>2000</u>      |
|------------------------------|------------------|------------------|
| Accrued payroll and benefits | \$ 14,034        | \$ 12,447        |
| Insurance claims             | 5,245            | 4,620            |
| Other                        | <u>7,175</u>     | <u>8,686</u>     |
|                              | <u>\$ 26,454</u> | <u>\$ 25,753</u> |

**NOTE 6 - OTHER CURRENT LIABILITIES**

Other current liabilities as of December 31 consist of the following:

|                          | <u>2001</u>     | <u>2000</u>     |
|--------------------------|-----------------|-----------------|
| Chip and token liability | \$ 1,859        | \$ 1,923        |
| Due to affiliates        | 2,194           | 5,136           |
| Other                    | <u>649</u>      | <u>1,235</u>    |
|                          | <u>\$ 4,702</u> | <u>\$ 8,294</u> |

**NOTE 7 - LONG-TERM DEBT-DUE TO AFFILIATES AND OTHER**

Long-term debt-due to affiliates and other as of December 31 consist of the following:

|   | <u>2001</u>       | <u>2000</u>       |
|---|-------------------|-------------------|
| Long-term debt due to affiliates:   |                   |                   |
| 8.5% Note payable to Park Place Finance Corporation ("PPFC") due May 31, 2011 | \$ 33,500         | \$ -              |
| 8.5% Note payable to PPFC due January 1, 2009                                 | <u>500,000</u>    | <u>500,000</u>    |
|   | <u>\$ 533,500</u> | <u>\$ 500,000</u> |
| Long-term debt-other:   |                   |                   |
| Other secured and unsecured debt  | <u>\$ 1,824</u>   | <u>\$ 1,888</u>   |

In January 1999, the Company executed a \$500,000 note payable to PPE with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. On July 1, 2000, PPE assigned the \$500,000 note to PPFC. On June 1, 2001 the Company executed a \$33,500 note payable to PPFC with interest at a rate of 8.5% per annum, payable on the last business day of each quarter, the proceeds of which were invested in BSI.

**BALLY'S PARK PLACE, INC. (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 8 - OTHER LIABILITIES**

Other liabilities as of December 31 consist of the following:

|   | <u>2001</u>     | <u>2000</u>     |
|---|-----------------|-----------------|
| Retirement and other employee benefit plans | \$ 1,549        | \$ 1,707        |
| Other                                       | <u>503</u>      | <u>459</u>      |
|   | <u>\$ 2,052</u> | <u>\$ 2,166</u> |

Eligible non-union employees may participate in defined contribution plans, including a 401 (k) plan and a deferred compensation plan sponsored by PPE. Participating employees contribute a percentage of their earnings to the plans up to certain limits, and are matched in various percentages by the Company. The expense for these plans was \$2,848 and \$2,796 for 2001 and 2000, respectively.

Certain employees of the Company are covered by union-sponsored, collectively bargained, multi-employer defined benefit pension plans. The contributions and charges to expense for these plans were \$1,350 and \$2,185 in 2001 and 2000, respectively. Under the Employee Retirement Income Security Act, the Company may be liable for its share of unfunded liabilities, if any, if the plans are terminated.

**NOTE 9 – CHARGES FROM AFFILIATES-MANAGEMENT FEE**

The Company and PPE have entered into an administrative services and management agreement. Under the agreement, PPE provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration of the performance of these duties, the Company pays PPE a monthly management fee, equal to three percent of revenues (net of complimentary services).



**BALLY'S PARK PLACE, INC. (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 10 - NONOPERATING INCOME (EXPENSE) - NET**

Nonoperating income (expense) for the three months ended December 31 consist of the following:

|  | <u>2001</u>       | <u>2000</u>       |
|--|-------------------|-------------------|
| Interest income  | \$ 267            | \$ 192            |
| Gain (loss) on sale of assets                          | 21                | 22                |
| Equity in income (loss) of unconsolidated subsidiaries | (2,647)           | (2,018)           |
| Other  | <u>243</u>        | <u>198</u>        |
|  | <u>\$ (2,116)</u> | <u>\$ (1,606)</u> |

Nonoperating income (expense) for the twelve months ended December 31 consist of the following:

|  | <u>2001</u>      | <u>2000</u>      |
|--|------------------|------------------|
| Interest income  | \$ 1,256         | \$ 1,190         |
| Gain (loss) on sale of assets                          | 50               | 84               |
| Equity in income (loss) of unconsolidated subsidiaries | 7,959            | 9,815            |
| Other  | <u>901</u>       | <u>799</u>       |
|  | <u>\$ 10,166</u> | <u>\$ 11,888</u> |

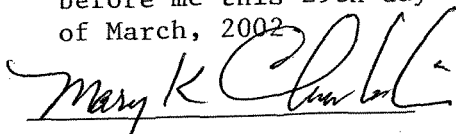
# STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

  
Signature

Controller  
Title

Sworn to and Subscribed  
before me this 29th day  
of March, 2002



**MARY K. CHAMBERLIN**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Aug. 31, 2002

#7091-11  
License Number

On Behalf Of:  
Bally's Park Place, Inc. NJ  
Casino Licensee

# **ANNUAL EMPLOYMENT AND PAYROLL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2001**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



# ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2001

(\$ in Thousands)

| LINE<br>(a) | DEPARTMENT<br>(b)                            | NUMBER OF<br>(c) EMPLOYEES | SALARIES AND WAGES  |                       |            |
|-------------|--|----------------------------|---------------------|-----------------------|------------|
|             |  |                            | (d) OTHER EMPLOYEES | (e) OFFICERS & OWNERS | (f) TOTALS |
|             | <b>CASINO</b>                                |                            |                     |                       |            |
| 1           | Administration .....                         | 15                         |                     |                       |            |
| 2           | Gaming .....                                 | 1,212                      |                     |                       |            |
| 3           | Slots .....                                  | 353                        |                     |                       |            |
| 4           | Casino accounting .....                      | 558                        |                     |                       |            |
| 5           | Simulcasting .....                           | 10                         |                     |                       |            |
| 6           | Other .....                                  |                            |                     |                       |            |
| 7           | Total-casino .....                           | 2,148                      | \$ 51,579           | \$ 743                | \$ 52,322  |
| 8           | <b>ROOMS</b> .....                           | 464                        | 10,033              | 159                   | 10,192     |
| 9           | <b>FOOD AND BEVERAGE</b> .....               | 1,285                      | 26,008              | 282                   | 26,290     |
|             | <b>OTHER OPERATED DEPARTMENTS</b>            |                            |                     |                       |            |
| 10          | Spa .....                                    | 46                         | 669                 |                       | 669        |
| 11          | Hat check and pool .....                     | 11                         | 110                 |                       | 110        |
| 12          | Telephone room .....                         | 31                         | 612                 |                       | 612        |
| 13          | Retail stores .....                          | 32                         | 621                 |                       | 621        |
| 14          |  |                            |                     |                       |            |
| 15          |  |                            |                     |                       |            |
| 16          |  |                            |                     |                       |            |
| 17          |  |                            |                     |                       |            |
| 18          |  |                            |                     |                       |            |
| 19          |  |                            |                     |                       |            |
|             | <b>ADMINISTRATIVE AND GENERAL</b>            |                            |                     |                       |            |
| 20          | Executive office .....                       | 18                         | 674                 | 2,011                 | 2,685      |
| 21          | Accounting and auditing .....                | 115                        | 3,157               |                       | 3,157      |
| 22          | Security .....                               | 424                        | 10,331              |                       | 10,331     |
| 23          | Other administrative and general departments | 275                        | 5,275               | 990                   | 6,265      |
| 24          | <b>MARKETING</b> .....                       | 223                        | 7,382               | 1,003                 | 8,385      |
| 25          | <b>GUEST ENTERTAINMENT</b> .....             | 29                         | 1,425               |                       | 1,425      |
| 26          | <b>PROPERTY OPERATION AND MAINTENANC</b>     | 535                        | 14,103              | 215                   | 14,318     |
| 27          | <b>TOTALS - ALL DEPARTMENTS</b> .....        | 5,636                      | \$ 131,979          | \$ 5,403              | 137,382    |

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT  
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2001

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

  
\_\_\_\_\_  
Signature

March 29, 2002  
Date

Controller  
Title

# **GROSS REVENUE ANNUAL TAX RETURN**

**FOR THE YEAR ENDED DECEMBER 31, 2001**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



TRADING NAME OF LICENSEE Bally's Atlantic City

# GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2001

(\$ in Thousands)

Line

CASINO WIN:

|  |  |    |         |
|--|--|----|---------|
| 1.   | Table and Other Games Win.....   | \$ | 139,647 |
| 2.   | Slot Machines Win.....   |    | 381,152 |
| 3.   | Total Win.....   |    | 520,799 |
| Less - Adjustment for Uncollectible Patrons' Checks: |  |    |         |
| 4.   | Provision for Uncollectible Patrons' Checks .....                        | \$ | 1,861   |
| 5.   | Maximum Adjustment (4% of line 3) .....                                  | \$ | 20,832  |
| 6.   | Adjustment (the lesser of line 4 or line 5) .....                        | \$ | 1,861   |
| 7.   | Gross Revenue (line 3 less line 6).....                                  | \$ | 518,938 |
| 8.   | Tax on Gross Revenue - Reporting Year (8% of line 7).....                |    | 41,515  |
| 9.   | Audit or Other Adjustments to Tax on Gross Revenues in Prior Years ..... |    | -       |
| 10.  | Total Taxes on Gross Revenue (the sum of lines 8 and 9).....             |    | 41,515  |
| 11.  | Total Deposits Made for Tax on Reporting Year's Gross Revenue.....       |    | 41,515  |
| Settlement of Prior Years' Tax on Gross Revenue      |  |    |         |
| 12.  | Resulting from Audit or Other Adjustments - (Deposits) Credits .....     |    | -       |
| 13.  | Gross Revenue Taxes Payable (the net of lines 10, 11 and 12) .....       | \$ | 0       |

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 14, 2002

**Date**



**Signature**

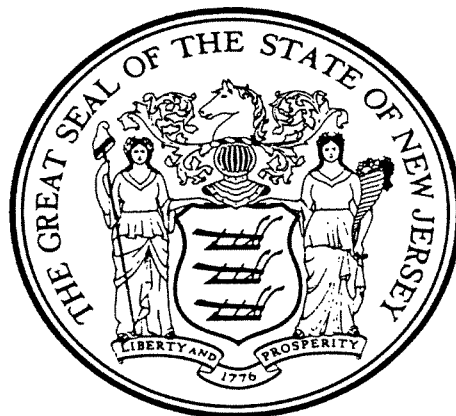
Vice President / CFO

**Title of Officer**

# **SCHEDULE OF RECEIVABLES AND PATRON'S CHECKS**

**FOR THE YEAR ENDED DECEMBER 31, 2001**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**





TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO RESORT

**SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

**ACCOUNTS RECEIVABLE BALANCES**

| LINE<br>(a) | DESCRIPTION<br>(b)                                | ACCOUNT BALANCE<br>(c) | ALLOWANCE<br>(d) | ACCOUNTS RECEIVABLE-<br>(e) NET OF ALLOWANCE |
|-------------|---|------------------------|------------------|--|
|             | Patrons' Checks:                                  |                        |                  |  |
| 1           | Undeposited patrons' checks .....                 | \$ 4,938               |                  |  |
| 2           | Returned patrons' checks .....                    | 10,559                 |                  |  |
| 3           | Total patrons' checks .....                       | 15,497                 | \$ (7,866)       | \$ 7,631                                     |
| 4           | Hotel Receivables .....                           | 1,418                  | (65)             | 1,353  |
|             | Other Receivables:                                |                        |                  |  |
| 5           | Receivables due from officers and employees ..... | ---                    |                  |  |
| 6           | Receivables due from affiliates .....             | 84,202                 |                  |  |
| 7           | Other accounts and notes receivables .....        | 1,876                  |                  |  |
| 8           | Total other receivables .....                     | 86,078                 | ---              | 86,078                                       |
| 9           | Totals (Form CCC 205) .....                       | \$ 102,993             | \$ (7,931)       | \$ 95,062                                    |

**UNDEPOSITED PATRONS' CHECKS ACTIVITY**

| LINE<br>(f) | DESCRIPTION<br>(g)   | AMOUNT<br>(h) |
|-------------|--|---------------|
| 10          | Beginning Balance (January 1) .....  | \$ 5,487      |
| 11          | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .....  | 186,070       |
| 12          | Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits) ..... | (147,819)     |
| 13          | Checks collected through deposits .....  | (30,307)      |
| 14          | Checks transferred to returned checks .....  | (8,493)       |
| 15          | Other adjustments .....  | ---           |
| 16          | Ending Balance .....   | \$ 4,938      |
| 17          | "Hold" Checks Included In Balance On Line 16 .....   | \$ 0          |
| 18          | Provision For Uncollectible Patrons' Checks .....  | \$ 3,383      |
| 19          | Provision As A Percent Of Counter Checks Issued .....  | 1.82%         |

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 29, 2002

Date



Signature

Controller

Title of Officer